

Act of 1961 to make clear that defense articles and services may be furnished by the United States to foreign nations for antiterrorism or nonproliferation purposes (in addition to other currently authorized purposes).

ANNUAL MILITARY ASSISTANCE REPORT

Section 702 of the conference agreement, proposed by the House, requires the State Department to include information in the annual military assistance report required by section 655 of the Foreign Assistance Act which identifies the quantity of exports of weapons furnished on a direct commercial sales basis. The so-called "655 report" provides a timely and comprehensive account of U.S. arms transfers. This provision will close a long-standing gap by ensuring that the State Department provides information not only on the quantity of approved licenses for Direct Commercial Sales (DCS) but also on the quantity of actual deliveries of weapons exported pursuant to the DCS authority during the fiscal year covered by the report, specifying, if necessary, whether such deliveries were licensed in preceding fiscal year.

REPORT ON GOVERNMENT-TO-GOVERNMENT ARMS SALES END-USE MONITORING PROGRAM

Section 703 of the conference agreement, proposed by the House, requires the President to submit a report on the status of efforts by the Defense Security Cooperation Agency (DSCA) to implement its plan to enhance end-use monitoring on government-to-government arms transfers to foreign countries.

The conferees direct the State Department to provide DSCA complete copies of all end-use violation and prior consent reports required under section 3 of the Arms Export Control Act.

MTCR REPORT TRANSMITTAL

Section 704 includes the Senate Committee on Banking in an infrequent report required under the Arms Export Control Act.

STINGER MISSILES IN THE PERSIAN GULF REGION

Section 705, proposed by the Senate, permits the replacement, on a one-for-one basis, of Stinger missiles possessed by Bahrain and Saudi Arabia that are nearing the scheduled expiration of their shelf-life.

SENSE OF CONGRESS REGARDING EXCESS DEFENSE ARTICLES

Section 706, proposed by the Senate, calls on the President to sell more defense articles, rather than merely give them away, using the authority provided under Section 21 of the Arms Export Control Act. It urges the President to use the flexibility afforded by Section 47 of that Act to determine that "market value" of Excess Defense Articles and to sell such items at a price that can be negotiated. When the Department of Defense uses too rigid a definition of "market value," and that price cannot be commanded, the item is instead transferred on a "grant" basis pursuant to Section 516 of the Foreign Assistance Act of 1961, thereby foregoing revenues. This section encourages the Department of Defense to ascertain the "market value" on the basis of local market conditions rather than solely on the basis of a generic formula applied by the Department of Defense for accounting purposes.

EXCESS DEFENSE ARTICLES FOR MONGOLIA

Section 707 of the Conference agreement, which has been modified from the House proposal, provides authority to furnish grant excess defense articles (EDA) and services to Mongolia for fiscal years 2001 and 2002. Unfortunately, given the weak nature of its na-

tional economy, which has led to difficulty in funding its military budget, Mongolia cannot afford the cost of packing, crating, handling, and transportation of EDA, even if the EDA itself is provided at no cost. Section 707 provides the Department of Defense with the authority to absorb the cost of transporting EDA to Mongolia, thereby allowing the receipt of much needed equipment. However, the Committee intends to continue the practice of requiring from the Department of Defense a detailed description of such costs in each proposed transfer. Were such costs to grow beyond a reasonable level, the Committee's continued support for such authorities would be jeopardized.

SPACE COOPERATION WITH RUSSIAN PERSONS

Section 708 has been modified from the Senate proposal. This section amends the Arms Export Control Act, provides for increased reporting and certification to Congress, and expands the ability of the President to regulate missile-related cooperation by providing him with the discretionary authority to terminate contracts in the event that he determines that a violation of the MTCR sanctions law (Section 13(a)(1) of the Arms Export Control Act) has occurred.

Currently, Chapter 7 of the Arms Export Control Act imposes mandatory sanctions on proliferating entities. However, those sanctions apply only to prospective licenses and contracts. The authority does not exist, within Chapter 7, to terminate an existing license in the event that an individual has been discovered to have proliferated missile technology subsequent to the granting of the license. This deficiency became apparent in discussions with the administration regarding the proposed co-production arrangement between Lockheed Martin and a Russian rocket-engine firm, NPO Energomash. Section 708 provides that missing authority to the President, should he choose to utilize it. It is important to underscore that this authority is completely discretionary.

Section 708 also requires the President to make an annual certification to the Committee that various Russian space and missile entities doing business with the United States are not identified in the report required pursuant to the Iran Nonproliferation Act of 2000. These certifications must be made annually for the first five years of a license between a U.S. firm and a Russian entity (or for the life of the license, if less than five years). However, there is no penalty in the event that a certification cannot be made (presumably because the person or entity has been listed in the report). The MTCR sanctions law only operates in the event that the President makes a formal determination that a transfer, or a conspiracy to transfer, occurred. While the certification required under Section 708 does not go beyond the annual report that the President is required to submit to Congress under the Iran Nonproliferation Act of 2000, it is nevertheless useful because it will ensure that the Department of State continues to focus on Russian entities doing business with the United States. This provision is also intended to encourage U.S. companies working with Russian space entities to maintain pressure on their counterparts not to proliferate technology to Iran.

Finally, Section 708 rectifies an unintended reporting loophole in the Arms Export Control Act that resulted from amendments to integrate the Arms Control and Disarmament Agency within the Department of State and a subsequent decision by the Department of State on licensing technical exchanges and brokering services under Sec-

tion 36 of the AECA. Specifically, for MTCR-related transfers governed under Section 36(b) and (c) which fall below the Congressional notification threshold, the administration currently must nevertheless submit a report to the Committee explaining the consistency of such a transfer with U.S. MTCR policy. However, MTCR-related licenses covered by Section 36(d) which fall below the notification threshold are not captured fully by this reporting requirement. Section 708 rectifies this problem.

SENSE OF CONGRESS RELATING TO MILITARY EQUIPMENT FOR THE PHILIPPINES

Section 709 of the conference agreement, proposed by the House, expresses the sense of the Congress that the U.S. should work with the Government of the Philippines to enable them to procure certain military equipment to upgrade the capabilities and improve the quality of life of the armed forces of the Philippines.

WAIVER OF CERTAIN COSTS

Section 710 of the conference agreement, proposed by the House, waives the requirement to collect certain nonrecurring charges associated with the government-to-government sale of 5 UH-60L helicopters to Colombia in November of 1999.

BENJAMIN A. GILMAN,
BILL GOODLING,
SAM GEJDENSON,

Managers on the Part of the House.

JESSE HELMS,
RICHARD G. LUGAR,
CHUCK HAGEL,
JOE BIDEN,
PAUL S. SARBANES,

Managers on the Part of the Senate.

IMPACT AID THEFT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 5 minutes.

Mr. SCHAFFER. Madam Speaker, something pretty positive happened in Hyattsville, Maryland that I want to discuss; it happened particularly at a Chevrolet dealership, at the Lustine Chevrolet dealership. It was there that a sales agent happened upon a scandal that affects the United States Department of Education, a theft of about \$2 million that this sales agent stumbled upon and called the FBI, and it resulted in a hearing that was conducted earlier today in the Committee on Education and the Workforce; specifically, the Subcommittee on Oversight and Investigations.

The Justice Department, back in July of 2000, filed a claim in Federal court that Impact Aid funds, these are the funds that are sent to assist districts responsible for educating children connected with Federal facilities; military installations usually, sometimes Indian reservations, that these Impact Aid funds intended for two school districts in South Dakota were stolen on March 31 of this year. These alleged facts were presented in the Justice Department's complaint for forfeiture, which it filed in order to recover the stolen money and property

and try to get these dollars back to the children in South Dakota.

Here is how it worked. There was a falsified, direct deposit sign-up form for the Bennett County, South Dakota school district that was submitted to the Department of Education on March 20 of this year, and on the form, the deposit bank account was changed from the correct bank account number, which was used by the school district, to a number under the name of Dany Enterprises. The Department of Education employee entered these forms and this false information into the agency's electronic accounting system. Consequently, the Impact Aid forms were wired on March 31 to the Dany Enterprises bank account, to the thief's bank account.

Now, this fraud was discovered thereafter on April 4 when a salesperson at the Chevrolet dealership in Hyattsville, Maryland, when he contacted the FBI to report this suspicious transaction involving two men trying to buy a Chevy vehicle with a \$48,000 cashier's check, drawing on the stolen funds from the U.S. Department of Education that were deposited in the thief's account, Dany Enterprises account. The salesman was alerted by what appeared to be false credit information.

Now, although this Chevrolet salesman refused to sell the two men the car, they were each successful in purchasing a car from other dealers in the Washington, D.C. area. Now, one of them purchased a 2000 Cadillac Escalade from a Cadillac dealer using a \$46,900 cashier's check, and the other person purchased a Lincoln Navigator from a Lincoln-Mercury dealer, using a \$50,000 cashier's check. These checks were used to buy both of these cars and they drew on the stolen funds from the Department of Education which were intended to go to the school in South Dakota.

Madam Speaker, I mention all of this because the Subcommittee on Oversight and Investigation has been working very hard to try to divert dollars away from the waste, fraud and abuse that is rampant over in the Department and move these dollars back to our classrooms where they benefit children.

The story did not end there, because following these revelations, the FBI found another example of where another cash transaction, this time almost \$1 million which was intended for another South Dakota school district was again stolen out of these Impact Aid funds and wired to an account called Children's Cottage, Incorporated, due to another fraudulently submitted direct deposit form. This was used to buy a house as it turns out somewhere here in the Maryland area.

Now, this committee hearing that we had today was one of an ongoing series of committee hearings that we have initiated to uncover and explore the

theft, fraud and abuse and waste in the Department of Education. We have also been learning about a computer theft ring where Department of Education employees have come up with this elaborate system where they have stolen television sets, electronic equipment, and so on and so forth.

Madam Speaker, we are spending as a Congress about \$40 million a year for various investigators, financial auditors, other investigators that are working over in the Department of Education to try to help us stop this waste, fraud and abuse within the Department of Education and to help us get these dollars to our children and classrooms where these dollars matter most. But in this case, we are thankful for the car agent who did what the high-priced auditors were unable to do, and in this case, it has a very positive ending. He has reunited these almost \$2 million with the children of South Dakota who need them. I wanted to bring that to the attention of my colleagues.

PIPELINE SAFETY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PASCRELL) is recognized for 5 minutes.

Mr. PASCRELL. Madam Speaker, I rise this evening to command the attention of my colleagues to a potentially deadly and amazingly overlooked aspect of public safety, the construction of oil and natural gas pipelines in America.

Unbeknownst to millions of Americans, their homes, their schools and communities are sitting atop hundreds of miles of pipelines that may explode at any moment if not properly constructed or if not properly maintained.

We all received a rude awakening to the likelihood of tragedy this past August. A pipeline exploded one August morning on a camping ground in Carlsbad, New Mexico, taking the lives of 11 men, women and children. Our Speaker pro tempore knows firsthand of this tragedy. Forty-eight hours later, on the other side of the country, a bulldozer ruptured a gas pipeline on a construction site in North Carolina. Luckily, no serious injuries were reported there. Of the 226 people that died between 1989 and 1998, according to a report issued by the General Accounting Office, these were some of 1030 who were injured, \$700 million in property was damaged. This is unbelievable. It is unacceptable.

Madam Speaker, it is time for Congress to demand that the office of pipeline safety within the Department of Transportation do their job. Periodic pipeline inspections, rigorously report pipeline spills.

Let me give my colleagues an idea about the status of pipeline safety. Madam Speaker, in the United States right now. All of the Nation's natural

gas, in about 65 percent of crude and refined oil, travel through a network of nearly 2.2 million miles of pipes. These pipelines need constant attention and repair to remain safe. Over 6.3 million gallons of oil and other hazardous liquids are reportedly released from pipelines on the average each year.

□ 1915

Yet the incidence of spills and explosions is getting worse. The amount of oil and other hazardous liquids released per incident has been increasing since 1993. The average amount released from a pipeline spill in 1998 was over 45,000 gallons.

Oil pipeline leaks can and do contaminate drinking water, crops, residential land. They generate greenhouse gases, kill fish, cause deaths and injuries from explosions and fires.

For one, there is little or no enforcement of existing regulations. The General Accounting Office found that the Office of Pipeline Safety had not enforced 22 of the 49 safety regulations that are already on the book. And right now there are pipelines, natural gas pipelines, starting all over America. Some of these pipelines are going through college dormitories in my own State of New Jersey; going through people's residential areas in Pennsylvania and Ohio. And I say there is something wrong. This was a wilderness area. These people were fishing in New Mexico. This was not a densely populated area when 11 Americans were killed.

The Office of Pipeline Safety has not acted on many National Transportation Safety Board recommendations for more stringent pipeline standards. This sort of inattention is mysterious. Why would the agency, whose sole purpose it is to regulate and monitor these pipelines, keep them safe, be so uninterested in their duties? It is enough to make me wonder if there is collusion of some kind going on behind the scenes. Why else would this Federal agency be so lax in enforcing its own regulations?

Madam Speaker, this inaction of the Office of Pipeline Safety will not be excused by this Congress. We cannot forgive the lack of pipeline safety and enforcement. As an original cosponsor of H.R. 4792 with the gentleman from Washington (Mr. INSLEE), who we will hear from later, I beg of the Speaker to use her influence to get some real safety regulations. They are not being adhered to. People's lives are in jeopardy.

Madam Speaker, I submit for the RECORD a newspaper article regarding a pipeline rupture in Paterson, New Jersey.

[From the Herald News]

GAS LINE RUPTURE FORCES EVACUATION IN
PATERSON

(By Robert Ratish and Eileen Markey)

PATERSON.—Workers digging up a roadway on Governor and Straight streets hit a natural gas line Monday morning, releasing